UNITED KINGDOM DISTRIBUTION TRENDS

INPUT

UNITED KINGDOM

DISTRIBUTION TRENDS

PRESENTATION REPORT

FOR OLIVETTI

19 MAY 1981

INPUT

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SCOPE OF THE STUDY

- PERFORM AN ANALYSIS OF UNITED KINGDOM DISTRIBUTION TRENDS FOR:

  - MICROCOMPUTERS
  - PROGRAMMABLE SCIENTIFIC CALCULATORS
  - DESK TOP PRINTING CALCULATORS

- DETERMINE THE ROLES AND MARKET SHARES FOR THE VARIOUS DISTRIBUTION CHANNELS FOR EACH OF THE ABOVE PRODUCTS.

- FIND THE COMMERCIAL POLICIES BEING FOLLOWED.

- DETERMINE MANUFACTURER CRITERIA FOR CHOICE OF CHANNEL.

- DETERMINE LEVEL OF SUPPORT PROVIDERS BY MANUFACTURERS TO THE DEALERS.

FIRMS INTERVIEWED

- MANUFACTURERS
  - IN DEPTH INTERVIEW
    - SHARP
    - CANON
    - HEWLETT PACKARD
  - SHORT INTERVIEW
    - CASIO
    - APPLE
    - NEC
- DEALERS
  - IN DEPTH INTERVIEW
    - LASKY'S
    - CURRY'S
    - PERSONAL COMPUTER
    - W.H. SMITHS
    - WILDINGS
  - SHORT INTERVIEW
    - OFFICE INTERNATIONAL
    - LION MICRO
    - COMPUTER SHOP

PRODUCTS ANALYSED

MICRO COMPUTERS

- VIDEO BASED SYSTEMS
- PRICE RANGE CONSIDERED WAS UP TO £1000
- TYPICAL PRODUCTS

  - SINCLAIR
  - ACORN
  - VIDEO GINIE
  - SHARP
  - TRS
  - APPLE
  - PET
  - ITT 2020

  £ 80 ↓ £1000

- PRICES FOR VERSIONS OF THESE SYSTEMS CAN REACH £4,300
- NEC, CANON AND SEVERAL OTHER JAPANESE ARE PLANNING TO ENTER IN 1981

PRODUCTS ANALYSED

SCIENTIFIC PROGRAMMABLE CALCULATORS

- FEATURES INTEGRAL DISPLAY, PRINTER AND SOME PERIPHERAL CAPABILITY
- PRICE RANGE OF £40 TO £1000
- TYPICAL PRODUCTS

- CASIO	£40	to	£ 90
- HP SCIENTIFIC		-	£100
- SHARP PC 1211	£80	to	£120
- HP 41 C/V		-	£600

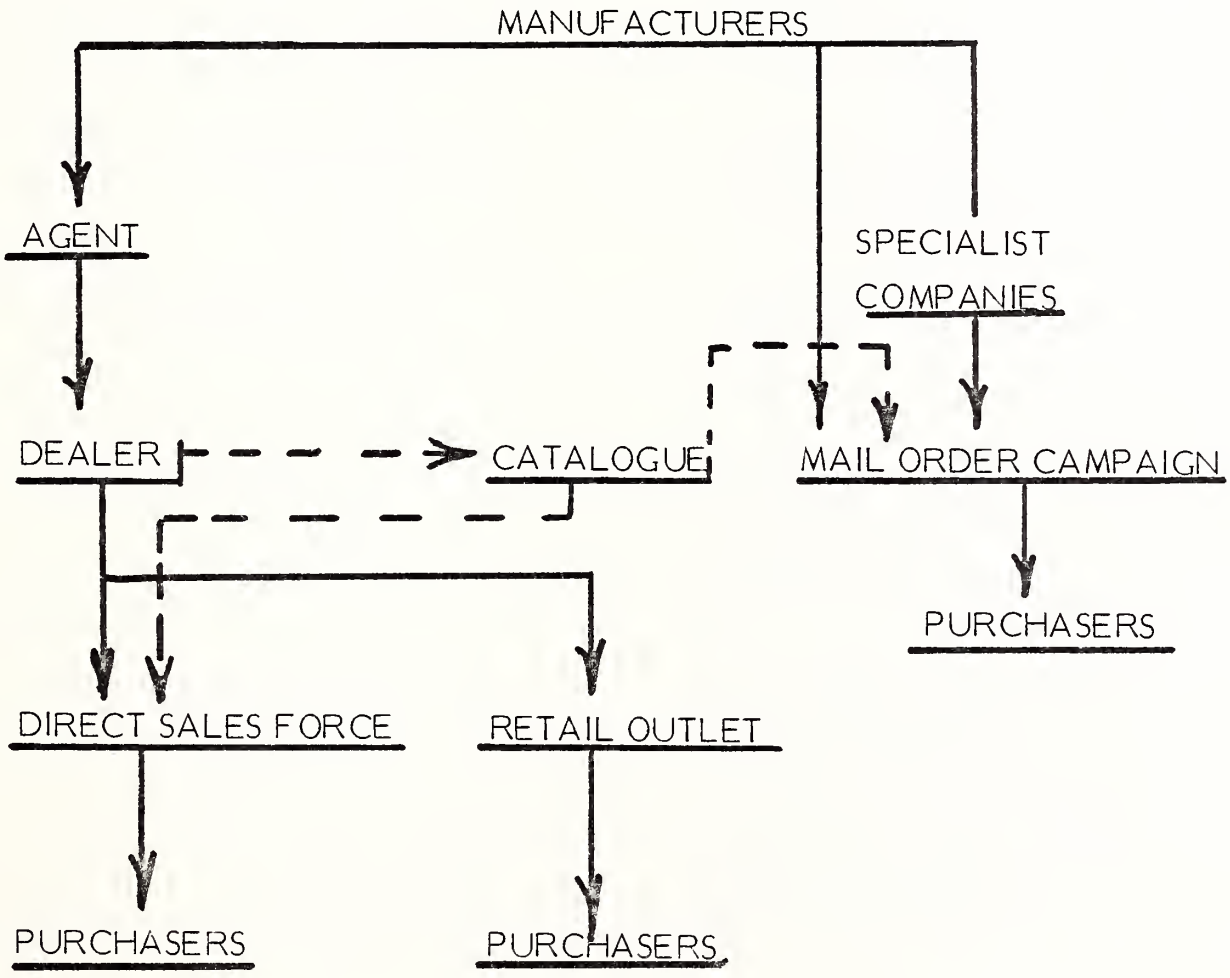
- DISTINGUISHED FROM MICROCOMPUTER BY INCLUSION OF AN INTEGRAL DISPLAY
- DISTINCTIONS BETWEEN PROGRAMMABLE CALCULATORS AND MICROCOMPUTERS ARE BLURRING IN PRICE AND PERFORMANCE.

PRODUCT ANALYSED

DESKTOP PRINTING CALCULATORS

- FEATURES HEAVY DUTY USE
- PRICE RANGE OF £40 to £250
- TYPICAL PRODUCTS
  - IMPERIAL - £ 40 (Special)
  - CASIO
  - SHARPE
  - OLIVETTI
  - CANON - £250
- TOP OF THE RANGE PRODUCTS ARE ADAPTED FOR USE IN POINT OF SALES AND OTHER SPECIAL APPLICATIONS
- PLAIN PAPER PRINTING USED IN THIS PRICE RANGE
- THERMAL PRINTING IS USED IN THE LOWER PRICED, HAND HELD, UNITS

U.K. DISTRIBUTION STRUCTURE



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DEALER TYPES

TYPE		EXAMPLES
OFFICE EQUIPMENT DEALERS	-	WILDINGS
	-	OFFICE INTERNATIONAL
TECH. SUPPLIES DEALERS	-	INSTRUMENTS,
	-	RADIO SPARES ETC
HI-FI RETAILERS	-	LASKY'S
	-	LION
MICRO-SHOPS	-	PERSONAL COMPUTERS
	-	COMPUTER SHOP
	-	MICRO-C (CURRY'S)
HIGH STREET RETAIL	-	W.H. SMITH (STATIONERY)
	-	DIXONS (CAMERA)
	-	CURRY's (ELECTRICAL)
	-	RYMANS (OFFICE STAT.)
	-	BOOTS (CAMERAS)

DEALER TYPES cont.

MAIL ORDER	-	SINCLAIR
	-	ACORN
	-	HI-FI RETAIL
	-	OFFICE EQPT DEALERS
	-	RETAILERS
	-	COMET (SPECIALIST ETC).
	-	AMERICAN EXPRESS
CATALOGUE	-	RETAILERS
		. RYMANS
		. WOOLWORTHS
	-	DIRECT SELLING
		SPECIALIST
		. GUS
		. LITTLEWOODS

PURCHASER TYPES

- o BUSINESS PURCHASE
  - GENERAL OFFICE
  - ACCOUNTING/FINANCE
  - PROFESSIONAL/SCIENTIFIC
  - PUBLIC INSTITUTIONS
    - EDUCATION
    - GOVERNMENT
- o PERSONAL PURCHASE
  - STUDENT
  - GENERAL DOMESTIC
  - INDIVIDUAL BUSINESSMEN
  - HOBBYIST

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DISTRIBUTION CHANNEL CHOICE

MICROCOMPUTERS

- SALES STAFF SKILL LEVEL IS MOST IMPORTANT
- DEALERS PREFERRED (IN ORDER OF PREFERENCE)
  - SPECIALIST MICROSHOPS
  - HI-FI DEALERS
  - OFFICE EQUIPMENT DEALERS
  - HIGH STREET RETAILERS (WITH SPECIAL APPROACH)
- TECHNICAL SUPPORT
  - DEDICATION TO THIS SEGMENT
  - DEPTH OF SOFTWARE SKILLS
- PREMISES ARE MODERATELY IMPORTANT
  - NOT NECESSARILY A SHOP
- FINANCIAL STABILITY IS NOT CRITICAL
- MORE INTERESTED IN SMALLER/LOCAL DEALERS THAN IN LARGE CHAINS

DISTRIBUTION CHANNEL CHOICE

PROGRAMMABLE SCIENTIFIC CALCULATORS

- SPLIT BETWEEN IMAGE AND VOLUME CONSIDERATIONS
  - HP ORIGINALLY WENT FOR IMAGE, NOW VOLUME
  - TI IS INTERESTED IN VOLUME
  - JAPANESE GOING AFTER VOLUME
- IMAGE APPROACH
  - XEROX SHOPS
  - EQUIPMENT DEALER
  - TECHNICAL SUPPLIES DEALER
- VOLUME APPROACH
  - W.H. SMITH's, CURRY'S, DIXONS
  - MAIL ORDER
- SALES SKILL LEVEL NOT CRITICAL
- PREMISES ARE IMPORTANT
- FINANCIAL STABILITY IS MODERATELY IMPORTANT

INPUT

DISTRIBUTION CHANNEL CHOICE

DESK TOP

- PRIMARILY AN OFFICE EQUIPMENT DEALER MARKET PLUS SOME MAIL ORDER (CANON)
- MANUFACTURER DIRECT SALES USED BY CANON, OLIVETTI, ETC.
- OFFICE EQUIPMENT DEALERS NEED A LOT OF SALES SUPPORT FOR THESE PRODUCTS
- PRICE ATTRITION IS MAKING THE DIRECT SELLING OFFICE EQUIPMENT DEALER APPROACH UNATTRACTIVE
- RETAILER SHOPS ARE NOT INTERESTED BECAUSE OF ACCOUNT SELLING TRADITION

COMMERCIAL POLICY

- PAYMENT POLICY IS 30 DAYS FROM ALL DEALERS FOR ALL PRODUCTS
  - PREPAYMENTS MAY BE USED TO OBTAIN DISCOUNTS ON MICROCOMPUTERS
- THE RETURN POLICY IS THAT IT IS GENERALLY NOT PERMITTED
  - ONE EXCEPTION WAS OF A RETURN FROM A MAJOR SPECIALIST CATALOGUE DEALER OF LESS THAN £40 CALCULATORS
- STOCK ROTATION IS:
  - MONTHLY FOR HIGH VOLUME PRODUCTS AND/OR OUTLETS
  - DESK TOP PRINTING AND HIGH PRICE PROGRAMMABLE CALCULATORS ARE ORDERED EVERY TWO MONTHS.
  - MICROCOMPUTER DEALERS ONLY STOCK ONE QUARTER OF THEIR MONTHLY SALES, PRIMARILY FOR DEMONSTRATIONS.
    - DELIVERY TO THE PURCHASER IS GENERALLY NOT FROM STOCK

COMMERCIAL POLICY CONT.

- ORDER FROM MANUFACTURERS WITH TWO TO FIVE WEEK DELIVERY

- DEMONSTRATION STOCK MUST BE BOUGHT BY THE DEALER

o WARRANTY IS ALWAYS FROM THE MANUFACTURER AND RANGES FROM SIX MONTHS TO TWO YEARS.

  - APPLE AND SHARP ARE GIVING TWO YEARS PARTS ONLY AND ONE YEAR PARTS AND LABOR WARRANTIES

o MAINTENANCE IS USUALLY DONE BY THE MANUFACTURER ON A DEPOT BASIS.

  - HP DEMANDS TO DO ITS OWN MAINTENANCE AND CAN PROVIDE TWO TO FOUR DAYS TURN AROUND

  - SOME MANUFACTURERS PERMIT DEALER MAINTENANCE AND PAY EITHER ON A FIXED SCHEDULE OF FEES OR BY LARGER DISCOUNTS.

DEALER MARGINS

GENERAL

- DEALERS ARE TRYING TO ACHIEVE AN AVERAGE MARGIN OF 30%
- RETAINED MARGINS ARE THE KEY AND THIS DEPENDS ON THE LEVEL OF SUPPORT RECEIVED FROM THE MANUFACTURER. THIS SUPPORT IS IN TERMS OF:
  - DEALER ADVERTISING CONTRIBUTIONS
  - MANUFACTURER ADVERTISING
  - OTHER PROMOTIONAL ACTIVITIES
  - DIRECT SELLING SUPPORT
  - TRAINING
- MANUFACTURERS PROVIDE RANGES OF RECOMMENDED SELLING PRICES TO THEIR DEALERS AND THEN OFFER THESE UNITS TO THE DEALERS AT PRICES DISCOUNTED FROM THE SUGGESTED SELLING PRICES.

DEALER MARGINS CONT.

- THE SUGGESTED SELLING PRICES ARE ENFORCED TO VARIOUS DEGREES BY THE DIFFERENT MANUFACTURERS

  - CASIO PROVIDES A SUGGESTED MINIMUM SELLING PRICE, OF ABOUT 85% BELOW THEIR RECOMMENDED SELLING PRICE, WHICH IS RESPECTED BY ALMOST ALL DEALERS.

  - DELIVERY DELAYS AND DECREASES IN THE LEVEL OF SUPPORT PROVIDED ARE EXPERIENCED BY THOSE DEALERS WHO SELL BELOW CASIO'S SUGGESTED MINIMUMS.

  - THE LESS DOMINANT MANUFACTURERS DO LITTLE TO MAINTAIN THE STABILITY OF THE RETAIL SALES PRICE.

- DISCOUNTS OFFERED TO DEALERS DEPEND ON:

  - QUANTITY ORDERED
  - RECOMMENDED PRICE
  - EARLY PAYMENTS OR PREPAYMENTS
  - PROMOTIONAL ACTIVITIES BY BOTH THE MANUFACTURER AND THE DEALER
  - TOTAL LEVEL OF BUSINESS DONE BETWEEN A DEALER AND THE MANUFACTUER.
  - A MANUFACTURERS DESIRE TO DEVELOP A NEW DISTRIBUTION CHANNEL.

DEALER MARGINS CONT.

- PUBLISHED DISCOUNTS ARE THE STARTING POINT FOR NEGOTIATIONS.

- DISCOUNTS ARE CALCULATED ON THE QUANTITY ACTUALLY ORDERED. NO BENEFITS SEEM TO BE GIVEN FOR THE TOTAL SOLD OVER A LONGER PERIOD.

DEALER MARGINS

MICROCOMPUTERS

- o MICROCOMPUTER DISCOUNTS TO DEALERS RANGE FROM 25% TO 35% OF THE RECOMMENDED SELLING PRICE.
  - LARGER DISCOUNTS WERE ALLUDED TO AS BEING AVAILABLE FROM THE JAPANESE.
  - BUYING MORE THAN 20 UNITS PER MONTHS GENERALLY QUALIFIES THE DEALER FOR THE MAXIMUM DISCOUNT.
  - PRICE CUTTING AT THE DEALERS IS EXTREMELY HEAVY ESPECIALLY FOR THE NEWER MANUFACTURERS PRODUCTS SUCH AS SHARP.
  - APPLE IS THE LEADER AND PROVIDES THE BEST RETAINED MARGINS FOR THE DEALER.
- o DEALERS ARE DISSATISFIED WITH PET'S AND APPLE'S LOW LEVEL OF SALES SUPPORT.
  - THESE MANUFACTURERS CLAIM THAT THEIR IMAGE ADVERTISING AND REPUTATION IS ENOUGH.

DEALER MARGINS CONT.

- VERY LITTLE DEALER ADVERTISING IS FUNDED BY THE MICRO MANUFACTURER.

- THOSE TRYING TO ENTER OR GAIN MARKET SHARE WILL SPEND MORE TO SUPPORT THEIR DEALERS.

o THE DISTRIBUTION CHAIN FOR MICROCOMPUTERS IS WORKING WITH VERY NARROW MARGINS.

- PRICE CUTTING IS PREVELANT

- HIGH LEVELS OF SOFTWARE AND SYSTEM SUPPORT MUST BE PROVIDED

- MANUFACTURERS ARE CONTRIBUTING LESS MONETARY SUPPORT IN THIS AREA THAN FOR CALCULATORS

o THE AVERAGE MICROCOMPUTER SHOP EXPECTS 60% OF ITS SALES TO BE FOR HARDWARE AND 40% FOR SOFTWARE AND PAID FOR SUPPORT.

- RETAILER TYPE SHOPS DERIVE A SUBSTANTIAL INCOME FROM ASSOCIATED BOOK SALES BUT LESS FROM SOFTWARE.

DEALER MARGINS

PROGRAMMABLE CALCULATORS

- DISCOUNTS FROM SUGGESTED SELLING PRICES VARY FROM 30% FOR THE LOW END HIGH VOLUME TYPES TO 50% FOR MEDIUM PRICE (£100) UNITS TO ABOUT 40% AT THE HIGH PRICE LOW VOLUME END OF THE RANGE.

- COMPETITION FROM MICROCOMPUTERS IS PUSHING MANUFACTURERS TOWARD THE HIGH VOLUME TYPE OUTLETS AND AWAY FROM THE SPECIALITY SHOPS.

- DISCOUNTS WITH VOLUME VARY FROM 35% FOR ONE TO FIVE QUANTITIES TO 46% FOR 25 UNIT ORDERS FOR CALCULATORS WITH A RECOMMENDED SELLING PRICE OF ABOUT £200.

- THE MARKET LEADERS FOR THESE PRODUCTS ARE HEWLETT PACKARD AND TEXAS INST. WITH CASIO IMPORTANT FOR UNITS AT THE BOTTOM OF THE PRICE RANGE.

  - A TYPICAL PROMOTION IS TI'S PROGRAM WITH W.H. SMITH. NORMAL £150 UNITS ARE BEING RETAILED AT £120 INCLUDING A GIFT MODULE WORTH £10. THIS STILL PROVIDES SMITH'S WITH A 30% MARGIN.

DEALER MARGINS CONT.

- CANON HAS TRIED, NOT TOO SUCCESSFULLY, TO USE DEALER CONTESTS TO PROMOTE SALES OF ITS PRODUCTS.

- CANON IS NOW TRYING DIRECT SELLING TO MAJOR ACCOUNTS FOR THEIR WHOLE RANGE.

o OFFICE EQUIPMENT DEALERS ARE ONE OF THE MAIN CHANNELS FOR SELLING SCIENTIFIC CALCULATORS

- AS A GROUP, THEY SEEM SATISFIED WITH THE PROFIT EARNED FROM THIS LINE EVEN THOUGH THEY RECEIVE RELATIVELY LOW LEVELS OF SUPPORT FROM THE MANUFACTURERS.

DEALER MARGINS

DESK TOP PRINTING CALCULATORS

- o OFFICE EQUIPMENT DEALERS ARE THE PREDOMINANT DISTRIBUTION CHANNEL.
  - THIS PRODUCT LINE IS A MAJOR PART OF THE REVENUES OF THE OFFICE EQUIPMENT DEALER GROUP.
  - DESK TOP PRINTING CALCULATORS ACCOUNT FOR 50% OF WILDINGS TOTAL CALCULATOR VENUE.
  - CALCULATOR REVENUES, IN TOTAL REPRESENT 30% to 40% OF WILDINGS TURNOVER BUT ONLY CONTRIBUTE 5% OF THE FIRMS PROFIT.
- o NO DEALER IS HAPPY WITH THIS MARKET.
- o UNITS PRICE DROPS AND UNIT VOLUME FLATTENING HAS LED TO A STAGNANT MARKET.
  - PERSONAL SELLING REQUIREMENTS RESULTS IN LOWER NET PROFIT.

DEALER MARGINS CONT.

- COMPETITION FROM LOWER PRICED HAND HELD UNITS HAS IMPACTED THE DESK TOP MARKET.
  - THESE UNITS ARE USUALLY SOLD THROUGH THE RETAIL OUTLETS OF THE OFFICE EQUIPMENT DEALER AS A CASH SALE OR THROUGH OTHER HIGH VOLUME OUTLETS.
- PUBLISHED DISCOUNTS FOR VOLUME PURCHASES OF 25 UNITS OR MORE RANGE AROUND 50%, AT THE L90 SUGGESTED RETAIL PRICE.

DEALER TRENDS

OVERALL

- o DEALERS MAKE A MAJOR DESTINCTION BETWEEN CUSTOMERS WHO BUY FOR CASH AND THOSE WHO BUY AGAINST ACCOUNTS.

- o DEALERS SETTING UP NEW DEPARTMENTS OR NEW DEALER ESTABLISHMENTS SEEM TO BE BEST SUITED TO SELL PRODUCTS REQUIRING DEMONSTRATIONS AND SYSTEM CONSIDERATIONS.

  - OFFICE EQUIPMENT DEALERS HAVE DIFFICULTIES IN RETAINING OR RECRUITING SALES PERSONNEL TO SELL HIGH END PROGRAMMABLE CALCULATORS MICROCOMPUTERS OR SMALL BUSINESS SYSTEMS.

- o DEALERS ARE LOOKING FOR SYNERGY AS NEW PRODUCTS ARE INTRODUCED OR NEW PRICE LEVELS REACHED.

  - DEALERS RELY ON CERTAIN TYPES OF CUSTOMERS AND SPECIFIC WAYS OF DOING BUSINESS.

    - STORES VERSUS DIRECT SELLING
    - CUSTOMER DEVELOPMENT VERSUS WALK IN TRADE
    - CASH SALES VERSUS ACCOUNT CHARGES
    - HIGH SALES INVOLVEMENT VERSUS CUSTOMER HELPS HIMSELF

DEALER TRENDS CONT.

- RETAILING OPERATIONS ARE MOVING UP BY ESTABLISHING SPECIALIST CENTERS

  - CURRY's ..... MICRO - C
  - W.H. SMITHS
  - LASKYS MICRODIGITAL

- SOME NATURAL SYNERGY EXISTS WITH Hi-Fi SHOP SELLING MICRO'S TO HOBBYISTS.

DEALER TRENDS

MICROCOMPUTER SHARES

- INDEPENDENT MICROSHOPS HAVE A 60% to 70% SHARE OF THIS MARKET. THOSE SELLING AROUND 50 PER MONTH INCLUDE:

  - PERSONAL COMPUTER LTD
  - COMPUTER SHOP

- MICROSHOPS AT RETAILERS, OFFICE EQUIPMENT DEALERS, ETC. HAVE 10% to 15% OF THE MARKET.

  - MICRO-C (CURRY'S)
  - BEAN (HIGH END/SBS)
  - W.H. SMITHS (COMPUTERSHOP)
  - RYMANS/WILDING
  - XEROX

- SHOPS CATERING TO HOBBYISTS SUCH AS Hi-Fi RETAILERS AND MAIL ORDER FIRMS HAVE A 15% to 25% MARKET SHARE

  - LION
  - LASKY'S
  - EUROCALC
  - NEW BEAR

DEALER TRENDS

PROGRAMMABLE CALCULATOR SHARES

- OFFICE EQUIPMENT DEALERS SUPPLY 60% TO 70% OF THIS MARKET
  - WILDINGS
  - OFFICE INTERNATIONAL
  - XEROX
- THE TECHNICAL SUPPLIES DEALERS SELLING INSTRUMENTATION AND RADIO SPARES ACCOUNT FOR 15% to 25%.
- RETAIL SHOPS SUCH AS CURRY'S AND DIXONS HAVE LESS THAN A 5% SHARE.
- MAIL ORDER AND CATALOGUE SELLER INCLUDING COMET AND RYMANS ALSO HAVE LESS THAN A 5% SHARE.

DEALER TRENDS

DESK TOP PRINTING CALCULATORS

- MARKET IS ALMOST COMPLETELY DOMINATED BY THE OFFICE EQUIPMENT DEALERS INCLUDING:
  - WILDINGS
  - OFFICE INTERNATIONAL

DEALER TRENDS

OFFICE EQUIPMENT DEALERS

- THIS DISTRIBUTION CHANNEL IS STILL RESPONSIBLE FOR THE LARGEST MARKET SHARES OF PROGRAMMABLE AND PRINTING DESK TOP CALCULATORS.

- STATIONARY, FURNITURE AND TYPEWRITER ARE THEIR MAIN PROFIT CONTRIBUTORS.

  - CALCULATORS, DESPITE SUBSTANTIAL MANUFACTURER DISCOUNTS, TEND TO BE "LOSS LEADERS".

  - ADVERTISING, SALES PROMOTION DEMONSTRATION AND SUPPORT COSTS, DESPITE BEING SUBSIDISED BY UP TO 30% BY MANUFACTURERS, ERODE PROFITS.

- THESE DEALERS ARE FRIGHTENED BY THE HIGHER TECHNOLOGY ITEMS.

  - ELECTRONIC TYPEWRITERS, WORD PROCESSING AND MICROFILM EQUIPMENT ARE MORE NATURAL TO THEM.

  - LESS PRICE CUTTING IS INVOLVED WITH THESE PRODUCTS THAN WITH CALCULATORS AND PERSONAL COMPUTERS.

- MANUFACTURERS ARE USING 'BLACKMAIL' TACTICS TO GAIN MIXED ORDERS OF TYPEWRITERS AND CALCULATORS.

DEALER TRENDS

CATALOGUE / MAIL ORDER

- THIS CHANNEL IS BECOMING OF GROWING IMPORTANCE IN SELLING TO THE HOBBYIST AND FOR PRODUCTS BELOW £40.
- LOW-END PROGRAMMABLE CALCULATORS, HAND HELD THERMAL PRINTING CALCULATORS AND MICROCOMPUTERS ARE BEING SOLD THROUGH THIS CHANNEL.
- HP HAVE STARTED TO SELL UNITS PRICED AT UP TO £200 THROUGH COMET.
- RYMANS CATALOGUE INCLUDES DESK TOP AND SCIENTIFIC CALCULATORS ALSO PRICED UP TO £200.
- GUS, SHOPPERS WORLD (WOOLCO), LITTLEWOODS AND RYMANS ARE THE MOST OFTEN MENTIONED CATALOGUE SELLERS.
- BOTH MANUFACTUERS (SINCLAIR AND ACORN) AND DEALERS (MICRODIGITAL) SELL MICROCOMPUTERS BY MAIL ORDER

DEALER TREND

RETAIL STORES

- RETAIL OUTLETS COVER A WIDE RANGE OF DIFFERENT TYPES OF ESTABLISHMENT RANGING FROM MASS SELLING UNITS, SUCH AS W.H. SMITHS, TO SPECIALIST SHOPS SUCH AS XEROX.

- ALL RETAILING FIRMS HAVE OR ARE CONSIDERING THE ESTABLISHMENT OF SPECIALIST OPERATIONS.

  - THE MASS RETAILERS DO BEST WITH THE LESS THAN £40 UNITS

  - SOME DIFFICULTIES ARE BEING EXPERIENCED IN SELLING THE MORE SOPHISTICATED UNITS AND MICROS.

- THIS OUTLETS SEEMS BEST FOR THE HOBBYIST, STUDENT OR DOMESTIC BUYER.

- BUSINESS BUYERS WANT TIME, EDUCATION, DEMONSTRATIONS AND SUPPORT. THEY SEEM TO PREFER TO BUY IN THEIR OFFICES OR AN OFFICE ENVIRONMENT.

DEALER PROFILES

LASKY'S

- PRIMARILY A Hi-Fi RETAILER
- MICRODIGITAL IS AN ESPECIALLY ESTABLISHED OPERATION TO MARKET MICROCOMPUTERS AND POCKET COMPUTERS (SHARP)
- DO A LOT OF MAIL ORDER SELLING OF MICRO COMPUTERS
- SELLING ABOUT 100 PER MONTH COMBINED OF APPLE, SHARPE AND VIDEO GENIE COMPUTERS.
- SELLS PRIMARILY TO THE HOBBYIST WHO IS A NATURAL CUSTOMER FOR LASKY'S Hi-Fi EQUIPMENT.
- BOOKS ARE A VERY LARGE PART OF MICROCOMPUTER RELATED SALES.
- SATURDAY 'OPEN SHOP' DAY FOR TECHNICAL AND SOFTWARE SUPPORT TO CUSTOMERS (HOBBYISTS) AT THEIR TWO CURRENT SHOPS.

DEALER PROFILE

W.H. SMITH AND CO

- PRIMARILY AN OFFICE SUPPLY AND STATIONARY CHAIN WITH 340 SHOPS IN THE U.K.

- CONCENTRATES ON REGULAR CALCULATORS AND SOME PROGRAMMABLE SCIENTIFIC UNITS FROM CASIO, SHARP AND TI.

  - NORMAL PRICE CEILING IS AROUND £50

  - THEY TEST MARKETTED THE TI 59 AT £120 WITH VERY GOOD RESULTS.

- THEY DO NOT EXPECT TO DO ANY DEMONSTRATIONS

  - CUSTOMERS KNOW WHAT THEY WANT
  - PRIMARILY STUDENT, DOMESTIC USERS AND THE HOBBYIST.

- SMITHS HAVE A COMPUTER SHOP IN ONE OF THEIR OUTLETS THAT IS UNDER COMPLETELY SEPARATE MANAGEMENT.

- SAME BUYER CONTROLS CALCULATORS AND TYPEWRITERS WHICH TOGETHER ACCOUNT FOR 10% of SMITH'S TURNOVER. APPROX. 2,500 UNITS ORDERED PER MONTH.

- CALCULATOR PRICES ARE CENTRALLY SET TO PRODUCE A 30% MARGIN.

DEALER PROFILES

PERSONAL COMPUTERS LTD

- ONE OF THE ORIGINAL MICROSHOPS WHICH IS RUN FROM OFFICES WITH DEMONSTRATIONS DONE BY APPOINTMENT.
- THEY SELL ABOUT 40 APPLE COMPUTERS AND SEVERAL FROM SHARP PER MONTH
- MAINLY DEAL WITH MEDIUM TO LARGE BUSINESS AND RELY ON MULTIPLE SALES TO SINGLE CUSTOMERS.
- RELY ON APPLE ADVERTISING, REFERENCE SELLING AND ADVERTISING
- DO LITTLE DISCOUNTING FROM APPLE'S PRICE LIST EXCEPT FOR VOLUME.
- EMPLOY 30 PEOPLE FOR LONDON (CITY) MARKET PRIMARILY.

DEALER PROFILE

CURRY'S

- CURRY'S IS BASICALLY AN ELECTRICAL SHOP SELLING APPLIANCES AND HAS SET UP A SPECIAL COMPANY, MICRO-C, TO SELL COMPUTERS.

- EACH BRANCH HAS A BUSINESS DEMONSTRATION ROOMS SEPARATE FORM THE SHOP AND TWO DIRECT FIELD SALESMEN.

- MOST SALES ARE IN THE £3000 CLASS WITH 80% TO BUSINESS, EDUCATION OR GOVERNMENT WITH THE REMAINING 20% TO HOBBYISTS.

- BOOKS ACCOUNT FOR ONLY 5% OF MICRO-C's VOLUME.

  - SOFTWARE SALES ACCOUNT FOR 15% to 20%

- RECEIVE NO HELP FROM THE MANUFACTURERS IN REGARDS TO LOCAL ADVERTISING.

- THEY ENVISAGE SELLING CHEAPER UNITS DIRECTLY THROUGH CURRY'S.

- SEVEN 'STORES' OPEN, TWO NEXT MONTH AND TOTAL 18 BY THE END OF 1981.

DEALER PROFILE

WILDINGS

- THEY CLAIM TO BE ENGLAND'S NUMBER ONE OFFICE EQUIPMENT DEALER WITH 30 TO 40 BRANCHES.

- WILDINGS SELL PROGRAMMABLE AND DESK TOP PRINTING CALCULATORS THROUGH DIRECT SALES AND LOW END THROUGH SHOPS.

- THEIR PRIMARY VENDORS ARE HP, CASIO, TI, CANON AND IMPERIAL.

- THEY DON'T FEEL CAPABLE OF SELLING THE TOP END OF HP'S LINE AS THEY GET LITTLE HELP FORM MANUFACTURERS.

- RELY ON ADVERTSING, REPUTATION AND A DIRECT SALES FORCE.
  - CONCENTRATE ON ACCOUNT SELLING AND DEVELOPMENT.

- PRIMARY PROFITS COME FROM TYPEWRITERS AND FURNITURE.
  - CALCULATORS ONLY CONTRIBUTE 5% OF THEIR PROFITS EVEN THOUGH THEY ACCOUNT FOR 40% OF THEIR SALES.

- GENERALLY ORDER EVERY TWO MONTHS TO GET SPECIAL DISCOUNTS ON LARGER VOLUMES .

INPUT CONFIDENTIAL

(Project Code : Y-SOL)

MANUFACTURER QUESTIONNAIRE - DISTRIBUTION CHANNELS

DATE _____ TYPE OF INTERVIEW _____

1. COMPANY NAME _____ UK T/O

ADDRESS _____

_____

2. INTERVIEWEE _____

TITLE _____

3. EQUIPMENT MANUFACTURED : MODELS PRICE RANGE

CLASS A MICROCOMPUTERS £ to

B SCIENTIFIC PROG. CALC. _____ £ to

C DESK TOP PRINT CALC. _____ £ to

X : CALCULATORS (Simple) _____

OTHER _____

COMMENTS: _____

_____

_____

_____

4. DISTRIBUTION CHANNELS USED :

	PRODUCT CLASS/CS	NO. APPOINTED DEALERS
a) SPECIALIST DEALERS		
OFFICE EQPT. DEALERS		
RETAILERS		
CATALOGUE		
MAIL ORDER		
DIRECT SALES (TO END USERS)		

b) SHARE OF BUSINESS BY OUTLET TYPE

COMMENTARY _____

_____

_____

c) SELECTION RATIONALE _____

_____

_____

f. FRANCHISES _____

_____

_____

5. SALES AND SUPPORT FACTORS

a) No. of Field Salespersons.

b) Support Services

- Technical personnel _____

_____

- Maintenance personnel _____

_____

- Warranty period _____

_____

- Turn-round (repair) _____

_____

c) Sales promotion

Advertising Support _____

_____

Trade Shows _____

_____

Demos. _____

d) Training

'Distributor' Staff _____

_____

Customers _____

_____

e) Comments _____

_____

_____

6. PRICING CRITERIA

MARGIN VOLUME/PERIOD

a) DEALER MARGIN - PRICE LIST

ESTIMATED ACTUAL

Comments: _____

_____

_____

_____

b) SALES PRICES MRP to 'Suggested' diff.

Discount policy

Market practice

COMMENTS: _____

_____

_____

c) MIN. ORDER QTY _____

_____

_____

COMMENTS: _____

_____

_____

7. OTHER RELATIONSHIPS - FINANCIAL SUPPORT

Maintenance/Repair _____

Stocks/Spares _____

Other (Comments) _____

_____

8. MARKET POSITIONING

MARKET SHARE	CLASS A	EST.%	VALUE
	CLASS B	EST.%	VALUE
	CLASS C	EST.%	VALUE
	CLASS X	EST.%	VALUE

GROWTH - HISTORICAL. _____

F'Cast _____

COMPETITION PERCEPTIONS _____

_____

_____

9. INTERVIEWER NOTES AND APPRAISALS

_____

_____

INPUT CONFIDENTIAL

DEALER/DISTRIBUTOR QUESTIONNAIRE - PROJECT CODE Y-SOL

Date _____ Type of Interview _____

.a) COMPANY NAME _____ b) Parent Co. _____

Address _____

_____

c) INTERVIEWEE _____ TITLE _____

d) TYPE OF OUTLET /SPECIALIST COMPUTER 'STORE'

OFFICE EQPT. DEALER

MASS MKT. RETAIL

OTHER _____

e) COVERAGE - No of outlets/branches _____

- Geographic _____

f) COMMENTS: _____

_____

_____

_____

. EQUIPMENT SOLD

		Unit Volume
a) CLASS	A	_____
	B	_____
	C	_____

b) Manufacturers Represented CLASS/UNIT VOLUME

1. _____

2. _____

3. _____

4. _____

c) Comments: _____

_____

_____

_____

PERSONNEL AND FUNCTIONS

a) Total Staff involved _____

Sales _____

Support _____

Repair, Maint. Tech. _____

	Period	By whom
b) Training/Sales		
Support		
Repair Maint.		

COMMENTS _____

_____

_____

_____

SALES POLICY

a) Sales Tactics (Direct, advertising, referrals, Walk-in)

_____

_____

b) Type of end user targetted _____

_____

c) Pricing Strategies _____

_____

d) Related products/services (Other office eqpt., Software, Literature, Video etc)

_____

_____

_____

e) Importance of specific eqpt. (volume, profitability, synergy)

_____

_____

_____

f) Other Comments: _____

_____

_____

5. PROFITABILITY

		Ave.	Best Mfr.	worst
a) Margin retained Class	A			
	B			
	C			
	X			

b) Comments: _____

_____

_____

6. MARKET POSITIONING

	Comments
a) Share of market	
b) Competition	
c) Growth record/f'cast	

8. STOCK TURN AND ORDER FREQUENCY

		FREQ.	VOLUME
a) Ordering Class	A		
	B		
	C		
	X		

		NUMBER	PURCHASED Y/N
b) Stock held Class	A		
	B		
	C		
	X		

c) Payment Terms _____

_____

_____

9. PERSONAL MARKET OPINIONS

c) Manufacturers _____

_____

_____

_____

b) Products _____

_____

_____

c) Competition _____

_____

_____

10. INTERVIEWER APPRAISALS

_____

_____

_____

_____